

Message Text

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43

ACTION EA-09

INFO OCT-01 ISO-00 NEA-10 IO-13 H-02 L-03 PA-01 PRS-01

SP-02 USIA-06 AID-05 EB-07 NSC-05 CIEP-01 TRSE-00

SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 /107 W

----- 130709

R 301515Z APR 76

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 5198

AMEMBASSY MANILA

TREASURY DEPARTMENT

INFO AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMCONSUL HONG KONG

LIMITED OFFICIAL USE SINGAPORE 2168

MANILA FOR ADB

HONG KONGFOR TREASURY: SHARPE

E.O. 11652: N/A

TAGS: EAID, EFIN, SN

SUBJECT: COFINANCING OF ADB LOANS BY U.S. BANKS

REF: A) MANILA 5191 (NOTAL, B) JAKARTA 5402.

1. EMBASSY BELIEVES SUGGESTION BY USADB DIRECTOR (REFTEL A) THAT USE MIGHT BE MADE OF SINGAPORE INTERBANK RATE IN COFINANCING ARRANGEMENTS IS A GOOD ONE. INTERESTING TO NOTE (REFTEL B) THAT GOS MINISTER OF FINANCE AT RECENT JAKARTA ADB MEETING SUGGESTED ADB LOOK TO SINGAPORE'S ASIAN DOLLAR MARKET AS ADDITIONAL SOURCE OF CAPITAL. U.S. BANKS IN SINGAPORE HAVE EXPRESSED INTEREST IN BANK OF AMERICA'S CO-FINANCING OF

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SECOND WATER SUPPLY PROJECT LOAN, AND SEVERAL HAVE ASKED

EMBASSY FOR ADB MONTHLY PROJECT INFORMATION.

2. EMBASSY WOULD TAKE ISSUE WITH ADB PRESIDENT'S COMMENT THAT "U.S. BANKS RELUCTANT TO LEND ADDITIONAL FUNDS IN ASIA BECAUSE THEY ARE OVEREXPOSED." OUR OBSERVATION OF SINGAPORE OFFSHORE MARKET IS THAT, PARTLY BECAUSE OF PRESENT LOW LEVEL OF LOAN DEMAND IN U.S., MANY U.S. BANKS STILL INTERESTED IN INCREASING THEIR EXPOSURE IN THIS REGION. FOR EXAMPLE, CITIBANK IS NOW REPORTEDLY PUTTING TOGETHER A US\$200 MILLION SYNDICATION FOR MALAYSIA. TERMS ARE VERY FAVORABLE TO MALAYSIA: SEVEN YEARS, WITH SPREAD OF ONE AND THREE-EIGHTS PERCENT OVER LIBO FOR FIRST FOUR YEARS, AND ONE AND ONE-HALF PERCENT FOR LAST THREE YEARS. HOLDRIDGE

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Message Attributes

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Disposition History: n/a
Disposition Reason:
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Margaret P. Grafeld
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04 MAY 2006

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To: STATE TRSY
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